

WASHINGTON, D.C. - Language to correct a longstanding flaw in how many California doctors are reimbursed for Medicare services was included in legislation passed on the House floor Friday afternoon.

The fix-which will direct a much-needed \$400 million to California doctors in 15 underpaid counties-was included in the "American Jobs and Closing Tax Loopholes Act," which would also extend unemployment benefits along with a range of tax cuts. The bill also delays a 21 percent Medicare reimbursement cut that would affect doctors across the country.

"These Medicare underpayments in California have led many doctors to stop accepting new Medicare patients, and that's simply unacceptable," said Congressman Sam Farr (D-Carmel), who authored the language. "An example: doctors in Santa Cruz county voted to stop taking new patients because the artificially low rates didn't cover their costs, and that means seniors lose. This bill puts those rates where they're supposed to be and preserves choice for seniors."

The flaw involves a formula known as the Geographic Practice Cost Index, or GPCI. In 1966, when the formula was initiated, counties were designated as either "rural" or "urban," with the expectation that those designations would be updated every few years. That never happened, and as a result, doctors in counties that have seen economic growth are being compensated at levels significantly lower than those in nearby counties.

Rep. Farr's bill would not affect the reimbursement formula itself, but rather force CMS to update its geographic designations using Metropolitan Statistical Area (MSA) data. The fix will take effect in 2012. It includes a "hold-harmless" clause, meaning other California counties won't see a decrease in reimbursement rates.

"No congressional district in the nation is as disadvantaged by Medicare as Congressman Farr's district," said Dr. Larry deGhetaldi, president of Palo Alto Medical Foundation's Santa Cruz Division. "This has led to a shortage of many kinds of physicians on the Central Coast, especially primary care physicians."

Fifteen California counties will see higher reimbursement rates. They include El Dorado, Marin, Monterey, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Sonoma and Yolo. While Marin is already designated "urban," its rates will increase because it is part of the San Francisco MSA.

"The California Medical Association thanks Congressman Sam Farr for his tireless efforts for senior citizens and for tackling one of Medicare's biggest problems in this state - unreasonably low rates in once-rural areas, such as Santa Cruz, Sacramento and San Diego counties," said Dr. Brennan Cassidy, president of CMA, which represents 35,000 physicians across the state. "Congressman Farr's GPCI fix will protect senior citizens' access to care throughout the state and improve physician participation in Medicare."

Studies on the issue have been completed by the Government Accountability Office, the Medicare Payment Advisory Commission, the Urban Institute and Acumen, all of which concluded this solution is the appropriate one.

This is the third time Rep. Farr's language has been passed by the House. The first time the language was included in a bill reforming Medicare and expanding health insurance for children. That bill was vetoed by President Bush. The second time the language was included in the House version of health insurance reform but not the Senate version, which was ultimately signed into law.

The Senate will take up the bill after it returns from the Memorial Day district work period.

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